

PROGRAM INTEGRITY REQUEST FOR REGULATION INTERPRETATION

INSTRUCTIONS: Complete items 1 -10 of the form. Use a separate form for each policy interpretation request. Retain a copy of the Word Document for your records, and submit via email to: PIRPolicy@dss.ca.gov.

1. REQUESTOR NAME: Linh Do	5. COUNTY: Sacramento
2. PHONE NO: (916) 875-3745 EMAIL:	6. SUBJECT: Bitcoin
3. REGULATION CITE(S): 7 CFR § 273.8(c)(1-2) & 273.9(c)(8); MPP § 42-213.2	7. REFERENCES: (ACLs/ACINs, COURT CASES Etc.)
4. DATE OF REQUEST: 11/28/2017	8. DATE RESPONSE NEEDED:

9. QUESTION: (INCLUDE SCENARIO IF NEEDED FOR CLARITY):

I received a question from our Program Integrity Department(PID) about Bitcoins. PID wants to know how do we treat Bitcoins, as a resource, income or excluded?

10. REQUESTOR'S PROPOSED ANSWER:

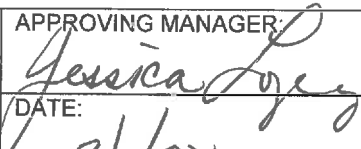
Cannot find anything in the regulation that addresses this topic. No proposed answer.
Thank you.

NOTE: My CalWORKs counterpart is also submitting this PI to the CW program.

11. CDSS RESPONSE:

Bitcoin and all other virtual currency shall be treated as a resource as defined in 7 CFR § 273.8(c)(1-2) . Virtual currency shall not be counted as income because it does not have legal tender status in any jurisdiction.

If bitcoin is transferred to U.S. currency one time it shall be considered a nonrecurring lump sum payment and shall be counted as a resource in the month received per 7 CFR § 273.9(c)(8). If the transfer is recurring, it shall be considered income.

PROGRAM INTEGRITY ANALYST:	APPROVING MANAGER: 
DATE:	DATE: 3/1/2018

DATE RESPONSE RECEIVED/LOG # (CDSS Use Only):

11/28/2017 - 17-45

Chris Daniels

Please note: The policies expressed in this response are based on the unique set of facts presented and should not be presumed to apply in other situations.

CalWORKs PROGRAM**PI #17-29****REQUEST FOR POLICY INTERPRETATION**

INSTRUCTIONS: Complete items 1 -10 of the form. Use a separate form for each policy interpretation request. Retain a copy of the CW 2202W for your records and submit via email to calworkscountypirequest@dss.ca.gov.

1. REQUESTOR NAME: Isabel Arriaga	5. COUNTY: Sacramento
2. PHONE NO: (916) 875-3579 EMAIL: arriagai@saccounty.net	6. SUBJECT: Treatment of Bitcoins
3. REGULATION CITE(S): MPP 42-213.2, 44-101, 63-501.1	7. REFERENCES: (ACLs/ACINs, COURT CASES etc.)
4. DATE OF REQUEST: 11-3-2017	8. DATE RESPONSE NEEDED: 11-30-2017

9. QUESTION: (INCLUDE SCENARIO IF NEEDED FOR CLARITY):

Program Integrity received a public complaint regarding a CalWORKs/CalFresh recipient who is buying and selling large sums (\$20,000+ per month) in an online Bitcoin market.

Bitcoins are a virtual currency that can be bought and sold on a variety of online exchanges and markets. Bitcoins can also be used to buy and sell products/services and are unregulated and uninsured (i.e. by the FTC). They are not connected to any nation or currency. The current value of one Bitcoin today on one particular exchange is \$6402.53 U.S.

Before pursuing an investigation regarding the public complaint, direction is needed on how to treat Bitcoins for CalWORKs eligibility. County CalFresh staff will be submitting a PI regarding the treatment of Bitcoins in the CalFresh program.

10. REQUESTOR'S PROPOSED ANSWER:

Bitcoins should be treated as property just as any other types assets being held in stock, money markets, mutual funds, etc. The value of the Bitcoins would be determined by the current market rate for which they can be sold. The value of property must be reported on the next SAR 7 or Redetermination following the receipt of the property.

Gains from buying/selling Bitcoins in exchanges can only be considered income for CalWORKs budgeting if the income can be reasonably anticipated and is available for the support of the Assistance Unit.

11. STATE POLICY RESPONSE:

Virtual Currency (i.e., Bitcoins) is not a legal tender in any jurisdiction and should be treated as personal property (notwithstanding its conversion in whole or in part to direct payments to households). If converted into a liquid resource, it would be considered a nonrecurring lump sum payment countable as a resource in the month received.

The Food and Nutrition Act of 2008 § 5(d)(1) states, household income for purposes of the supplemental nutrition assistance program shall include all income from whatever source excluding only any gain or benefit which is not in the form of money payable directly to a household.

Per MPP § 42.203.2, personal property is defined in accordance with Food Stamp regulations pursuant to MPP § 65-601, stating the CWD shall apply the uniform national resource standards of eligibility to all applicant households, except as specified in Sections 63-301.7 and .82.

Subject: Treatment of Bitcoins



Requestor: Sacramento County

CW 2202W (9/15)

Per MPP § 65-501.1, in determining the resources of a household, the following shall be included and documented by the CWD in sufficient detail to permit verification:

.11 Liquid resources, such as cash on hand, money in checking or savings accounts, savings certificates, trust deeds, notes receivable, stocks or bonds, non-recurring lump sum payments, funds held in individual retirement accounts (IRAs) and funds held in accessible Keogh plans.

.111 A nonrecurring lump sum payment includes, but is not limited to, income tax refunds, rebates or credits; retroactive lump-sum social security, railroad retirement benefits, or other payments; retroactive payments from the approval of an application for any assistance program; court ordered retroactive payments for any assistance program; supplemental or corrective payments received for a previous month from any assistance program; lump-sum insurance settlements; or refunds of security deposits on rental property or utilities. These payments shall be counted as resources in the month received, unless specifically excluded from consideration as a resource by other Federal law as specified in Section 63-501.3(l), Section 63-506, or Section 63-507.

ANALYST:	APPROVING MANAGER:
Brittney Johnson 	Ryan Tsukiji 
DATE:	DATE:
02.06.2018	02.08.2018

The policy expressed in this response is based on the unique set of facts presented and should not be presumed to apply to all other situations.

DATE RESPONSE RELEASED: _____

Subject: Treatment of Bitcoins

Requestor: Sacramento County

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